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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U338E) for Approval of Contracts Resulting From Its 2014 Energy Storage Request for Offers (ES RFO).

Application 15-12-003
(Filed December 1, 2015)

Application of Pacific Gas and Electric Company for Approval of Agreements Resulting from Its 2014-2015 Energy Storage Solicitation and Related Cost Recovery.

Application 15-12-004
(Filed December 1, 2015)

(U 39 E)

**PACIFIC GAS AND ELECTRIC COMPANY
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, Pacific Gas & Electric (PG&E) hereby gives notice of the following *ex parte* communication. The communication occurred on Thursday, August 25, 2016, at 2:00 PM at the offices of the California Public Utilities Commission (CPUC), and lasted approximately fifteen minutes. The meeting was oral and one handout was provided which is attached to this notice.

Erik Jacobson, Director, Regulatory Relations, PG&E, initiated the communication with Ehren Seybert, Energy Advisor to Commissioner Carla Peterman. Sienna Rogers, Director, Energy Policy Initiatives, PG&E, was also in attendance.

Mr. Jacobson and Ms. Rogers requested that the Proposed Decision (PD) be revised to approve the two distribution deferral purchase and sale agreements (PSAs). Mr. Jacobson explained that if the PSAs are approved, PG&E will defer the associated distribution utility

investment. The timing of the projected on line date of the PSAs' relative to the need for transformer capacity is approximately the same, given forecast uncertainty. He said that PG&E supports rejection of the separate "storage adder". Ms. Rogers and Mr. Jacobson explained that the utilities' PCIA (Power Charge Indifference Adjustment) proposal does not need to be modified because it does not result in double counting of storage charging costs. PG&E requests that the PD be clarified on this issue so that if charging costs are incurred by an IOU and those costs are not already reflected in the utility's generation costs, they should be included in the PCIA calculation. Mr. Jacobson also said that PG&E agrees to modify its definition of "CPUC Approval" to be consistent with the Renewable Portfolio Standard pro forma Power Purchase Agreement. Finally, he requested that any shortfall in meeting PG&E's 2014 storage procurement target be added to the 2016 energy storage procurement target.

Respectfully submitted,

/s/ Erik B. Jacobson

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Dated: August 29, 2016

2014-2015 Energy Storage Solicitation

August 25, 2016

The PD Should Be Revised in Certain Respects

- The two distribution deferral purchase and sale agreements should be approved
- Rejecting separate “storage adder” is appropriate
- Clarify PD so that charging the storage resource is included in PCIA calculation as long as such charging costs have not already been reflected in utility generation costs
- PG&E proposes to use the “CPUC Approval” clause approved in RPS pro forma PPAs to address concern over storage contract term
 - Maintaining ratepayer indifference is an important principle
- If PG&E has not met its energy storage targets for 2014 after application A. 16-04-024 is decided, then any shortfall should be added to the 2016 ES RFO